

## Message Text

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PAGE 01 RABAT 02820 131735Z

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ACTION NEA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FRB-03

XMB-02 OPIC-03 LAB-04 SIL-01 PA-01 PRS-01 /103 W  
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P R 131551Z JUN 75

FM AMEMBASSY RABAT

TO SECSTATE WASHDC PRIORITY 5675

INFO AMCONSUL CASABLANCA

C O N F I D E N T I A L RABAT 2820

K.O. 11652: GDS

TAGS: EINV ENRG EIND MO

SUBJECT: ESSO MOROCCANIZATION: INTERIM REPORT ON BENJELLOUN CALL ON  
AMBASSADOR

REF: STATE 135239

1. ECOUN MOROCCAN EMBASSY BENJELLOUN CALLED ON AMBASSADOR  
JUNE 12 TO DISCUSS ESSO CASE. WAS FULLY BRIEFED FROM  
WASHINGTON MEETINGS AND UNDERSTANDING REGARDING POTENTIAL  
BILATERAL AND INVESTMENT CLIMATE ASPECTS OF CASE. WE  
BELIEVE HIM CAPABLE OF PLAYING IMPORTANT ROLE IN GETTING  
MOVEMENT WITHIN GOM.

2. INTERIM PROGRAM IS THAT BENJELLOUN WILL MAKE CALLS WITHIN  
GOM TO DESCRIBE LARGER ASPECTS OF PROBLEM, UNDERLINING FROM  
INSIDER'S POINT OF VIEW WHAT WE HAVE BEEN SAYING AS OUTSIDERS.  
IT OUR JUDGMENT THAT ESSO HAS BEEN SEEN BY MOROCCANS  
HERE, HOWEVER ERRONEOUSLY, AS BAD ACTOR WITH  
GOM CIRCLES PROBABLY DISCOUNTING OUR CONCERNS AS ATTEMPT TO  
ASSIST US FIRM WHICH IN GOM VIEW DESERVES MORE TIME IN PURGATORY.  
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PAGE 02 RABAT 02820 131735Z

WE HOPE AND BELIEVE BENJELLOUN CAN SUCCEED IN FOCUSING

ATTENTION ON MORE FUNDAMENTAL REASONS FOR EARLY RESOLUTION OF CASE. DETERIORATING FINANCIAL SITUATION AND HEIGHTENED ATTENTION TO NEED TO ATTRACT FOREIGN CAPITAL MAY BE IMPORTANT IN THIS REGARD. GOM KNOWN TO HAVE RECENTLY APPROVED CAMPAIGN TO ATTRACT POTENTIAL INVESTORS INCLUDING MULTIPAGE ADS IN WALL STREET JOURNAL AND LONDON TIMES (COPY WSJ PAGE PROOF POUCHED MONTVILLE).

3. BENJELLOUN'S FIRST EFFORT WILL BE WITH BELKHAYAT IN PRIME MINISTER'S OFFICE WHO IN CHARGE INVESTMENT AFFAIRS AND MIGHT THUS EXERCISE DETERMINING VOICE IN OVERCOMING FOOT-DRAGGING OF THOSE WHO STILL FOCUSED ON MORE NARROWLY TECHNICAL ASPECTS OF CASE (AND WHOSE AMOUR PROPRE HEAVILY ENGAGED). BELKHAYAT RECENTLY ASKED AMBASSADOR FOR HIS VIEWS ON WHY THERE HAS BEEN LITTLE RECENT US DIRECT INVESTMENT. WE USED QUESTION AS OPPORTUNITY TO SEND HIM A HARD-HITTING AND CANDID MEMO OUTLINING REASONS AS WE SEE THEM--INCLUDING REFERENCE ESSO CASE. PAPER WAS DISCUSSED AND REVIEWED BY SEVERAL BUSINESSMEN (INCLUDING SKANE) AND ECONOMIC COUNSELLORS FROM OTHER EMBASSIES, BUT TRANSMITTED AS PERSONAL VIEW. (COPY OF PAPER AND BELKHAYAT REPLY POUCHED MONTVILLE, PLEASE PASS RICHARD SMITH EB/OIA). PAPER ALSO SEEN BY SECSTATE FOR PLAN AND MINISTER COOPERATION AND SEEMS TO HAVE SET OFF RATHER VIGOROUS DEBATE WITHIN GOM. FROM WHAT WE'VE HEARD, AND JUDGING FROM TONE OF BELKHAYAT WRITTEN RESPONSE, WE CONSIDER EXCHANGE HAS BEEN FRUITFUL. MOST IMPORTANT FOR PRESENT PURPOSES, IT HAS PREPARED GROUND FOR BENJELLOUN STRESS ON NEED FOR EARLY RESOLUTION IN INTERESTS OF IMPROVED INVESTMENT CLIMATE.

4. WE WILL BE SEEING BENJELLOUN EARLY NEXT WEEK TO DISCUSS NEXT STEPS, BASED ON HIS APPRECIATION SITUATION WITHIN GOM AFTER ROUND OF TALKS. SNPP SAID TO HAVE DEVELOPED INTEREST IN RATIONALIZING PETROLEUM DISTRIBUTION OPERATIONS AND ESSO WOULD PROVIDE GOOD START. BENJELLOUN THUS SHARES OUR HOPE GOM WILL DECIDE TO BUY OUT ESSO IN INTEREST CLEANING UP MESSY SITUATION AND GIVING SNPP SOLID BASE OF OPERATIONS. AS WE NOW SEE THINGS, AND GIVEN TIME CONSTRAINTS, ESSO WILL PROBABLY HAVE TO GO AHEAD WITH FILING COURT ACTION. BUT IF GOM MOVES PROMPTLY TO REINITIATE NEGOTIATIONS ON

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PAGE 03 RABAT 02820 131735Z

100 PERCENT BUY-OUT BASIS, SHOULD BE POSSIBLE COMPLETE TRANSACTION AND DROP PETITION BEFORE SUBSTANTIVE LEGAL ACTIVITY BEGINS. FINALLY, ONCE ESSO-SNPP TALKS UNDER WAY, QUESTION OF AMBASSADORIAL CALL ON PRIME MINISTER OR OTHER SENIOR OFFICIALS SHOULD BECOME MOOT.

5. WILL REPORT RESULTS BENJELLOUN CALLS AND FURTHER ACTION PLANS SOONEST.

6. GIST OF THIS MESSAGE PASSED ON TO SKANE WHO WILL  
INFORM VASTOLE.  
NEUMANN

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## Message Attributes

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**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
**Disposition Authority:** RowellE0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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